The congressional panels unraveling a tangled trail of guns and money are coming out soon with a 1,200-page report. Unfortunately, it will leave lots of questions unanswered

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Examining the loose ends in the Iran-Contra affair

■ When Senator Daniel Inouye closed the Iran-Contra hearings on August 3 after 41 days of testimony, he rang down the curtain on the worst scandal of the Presidency of Ronald Reagan. "The story," Inouye said at the time, "has now been told." Unfortunately, Inouye could not have been more mistaken.

What emerged from the weeks of televised hearings was not a complete or fully coherent narrative but, rather, a jumbled puzzle with many of its pieces missing. In many instances, witnesses' assertions went unchallenged, contradictions were not cleared up and key questions were not answered; as to the money from the arms sales, which so intrigued investigators at the outset, some still couldn't be found.

In the next few weeks, when the House and Senate investigating committees release their report on the Iran-Contra affair, the curtain will be raised once more, but few of the discrepancies are apt to be resolved—and some new ones may come into focus. *U.S. News* has learned, for instance, that **committee investigators have found new evidence showing how officials of the National Security Council staff and the Central Intelligence Agency short-circuited official Pentagon arms-supply channels to get missiles for Iran.** And there will be fresh evidence questioning Lt. Col. Oliver North's account of how the diversion of arms-sale profits to the Nicaraguan rebels was conceived.

No smoking gun

Despite its heft—the 1,200-page report will contain a Rashomon-like narrative with various witnesses' versions of each day's events—sources say the report will leave room for doubt in important areas. It is expected to confirm the committees' failure to find any so-called smoking-gun evidence that President Reagan knew of the diversion of arms-sale profits to the Contras. An early version of the report also implied that former National Security Adviser John Poindexter could not be trusted when he said that the President didn't know of the diversion, but investigators had insufficient evidence to prove that Poindexter had lied. Another early draft reportedly contended that it was the desire to divert arms-sales funds to aid the Contras—not to free U.S. hostages—that kept the arms sales to Iran going in 1986.

Not surprisingly, politics has played some part in the writing of the report. Several angry Republicans from the select committees say draft versions are so accusatory in tone that they are writing their own dissenting version. Others are huddled with the majority Democrats, revising draft pages stamped "Top Secret/Codeword" (higher than a Top Secret classification). With the report due October 30, staff lawyers still hope to come up with a version satisfactory to three fourths of the 26 Republican and Democratic committee members. But that is by no means certain.

What *is* clear is that, from the beginning, there were constraints. Even before the investigation was under way, political pressures forced the construction of a timetable for the committees that limited the number of public witnesses, the time for questioning and, in some cases, the time for preparation. To avoid the congressional CIA bashing of the 1970s, examination of other covert operations was avoided or kept secret, and the committees concentrated on the apparent circumvention of the Boland amendments (which restricted U.S. military aid to the Contras) and the established policy for congressional oversight of covert operations.

Links to election strategy?

Some intriguing tales, therefore, escaped full attention. Among them: Claims that officials in the 1980 campaigns of Reagan and independent candidate John Anderson met with Iranians who promised to hold American hostages to insure the defeat of Jimmy Carter if a new President would sell them U.S. arms. A subcommittee chaired by Representative John Conyers, Jr. (D-Mich.) is looking into this now. Claims of Contra and CIA ties to drug smuggling are relegated to other investigating committees. And claims of corruption among the Contras would require a separate investigation, while a complete tracing of Iran-Contra funds would have to rely on Swiss banking records. Those records are now being sought by a special prosecutor, whose independent investigation of the scandal is expected to result in indictments of some key players in the next few months.

Testimony from some key witnesses also is lacking. Former CIA official Thomas Clines, employed in the Contra-resupply operation, wouldn't testify without immunity, and the committees wouldn't grant it. Swiss-based finance wizard Willard Zucker, who set up Iran arms-sales accounts in Geneva, was out of reach of subpoenas. And while there were statements from arms merchant Manucher Ghorbanifar (who failed two separate CIA polygraph tests), he was not placed under oath. Lastly, Israel insisted on diplomatic protocols, which prevented the testimony of four key Israeli participants, Al Schwimmer, David Kimche, Yaacov Nimrodi and Amiram Nir. Though Israel provided written reports, claims in the Israeli press that Israel helped arm the Contras will not be clarified.

Far and away the greatest loss to the committees, however, was the testimony of the late CIA director William Casey, who fell ill before he was to testify and died of cancer and pneumonia on May 6. Recently declassified testimony and the publication of *Washington Post* editor Bob Woodward's book on Casey's CIA suggest strongly that Casey played a greater role in the affair than was previously thought.

Particularly ironic are suggestions that, as the U.S. searched for a channel to influence events in Iran, Casey himself may have become a channel for Middle Eastern arms dealers trying to influence the U.S. government. This is the background: In 1984-85, the U.S. was putting pressure on Israel to help

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free the CIA's kidnapped Beirut station chief, William Buckley. Israel, at the same time, was trying to secure White House approval for the sale of arms to Iran. Saudi financier Adnan Khashoggi and Ghorbanifar, masterful middlemen with impressive Iranian contacts, were hoping to broker the arms deals. "We were looking at the billions and billions ahead if we could open up a channel," Khashoggi told *U.S. News*. The intermediary was a New York oil man named John Shaheen, an old friend from Casey's days in the Office of Strategic Services, the predecessor agency of the CIA.

Khashoggi, through various oil ventures, had known Shaheen for years, and in mid-1985 Shaheen told Casey that he knew persons who could gain influence with "moderate" Iranians. The CIA director—angry and frustrated over the failure to secure Buckley's release—was interested. In exchange for weapons, the Iranians would effect the release of Buckley and maybe other American hostages in Lebanon. And, as Roy Furmark, a New York lawyer and old Casey friend, describes it, "the rest is history."

A controversial crew

Other Casey mysteries will linger. North said it was Casey, for instance, who suggested he hire retired Air Force Maj. Gen. Richard Secord to head his Contra-supply team. Secord then brought in Albert Hakim and Clines. But Casey should have known this was a controversial crew, haunted by their early associations with ex-CIA man Edwin Wilson, who had sold 21 tons of explosives to Libya. Alan Fiers, chief of the CIA's Central American Task Force, testified to the committees that he once called North: "Ollie, are any of your people dealing with Tom Clines? If so, he's bad news; stay away from him." Yet the investigating committees seemed remarkably incurious about the activities of the cadre of ex-CIA agents.

Though committee lawyers unearthed a 1976 memo indicating that Ted Shackley, a former high-level CIA official, coordinated an attempt to recruit Hakim to the CIA, investigators evidently failed to pursue the connections further. About three fourths of the way into the hearings, Peter Maas, who authored a best-selling book on the Secord-Clines-Shackley network, received a phone call from a key senator on the investigating committee. As Maas tells it, the senator said he had just bought the book and was amazed at the information in it. "They really flubbed it on the Secord-Clines thing," Maas says. "They were ill prepared."

Committee insiders say they're prepared for criticism and don't fear controversy. What they worry about is being ignored. "We're not here to expose all the shadows. We're here to root out the cancer," says one. "The idea is to make it less likely in the future that something like this will happen again." Of course, as the Iran-Contra affair shows, there are never any guarantees. ■

by Peter Cary

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